

NSC

Approved For Release 2003/08/25 : CIA-RDP79R00890A000100050006-5

18 JUN 53

25X1

*Draft for
NSC briefing
14 June
preparation 15-16 June*

16 June 1953

*19m
Jee MKS*

The Soviet Peace Offensive

Since the death of Stalin the new Soviet government has moved rapidly to modify many of the tactics characteristic of the Stalin regime, both in internal and foreign policy. A succession of recent moves on several foreign policy fronts has given substance and added impetus to the peace offensive.

Although the evidence of tactical changes is mounting, we do not believe that the strategic objectives of the USSR under Stalin have shifted. The Kremlin is still dedicated to:

1. The consolidation and defense of the Soviet Orbit;
2. The neutralization of US military power, particularly American superiority in atomic weapons;
3. The weakening and disruption of the Western coalition and the isolation of the US from its allies;
4. The ~~reduction and ultimate elimination~~ of Western,

~~particularly US power and influence in Asia and the~~

~~Far East: and~~
Approved For Release 2003/08/25 : CIA-RDP79R00890A000100050006-5

25X1

5. The achievement of Communist control of, or a major voice in, Asian governments.

We consider that current Soviet tactics, both in the "peace" campaign and in the conduct of internal affairs, are more intelligently devised than Stalin's to accomplish these objectives. Certainly, they are being more subtly and more consistently applied.

Inside the USSR, the new leaders are showing in many ways that they have a different and more liberal approach to the art of government than had Stalin. In the reversal of the doctors' plot, the amnesty and the governmental reorganization of the police apparatus - the MVD and MGB - they show a tendency to reduce their dependence on police and forced labor activities. They have promised to rewrite the criminal code - purportedly in favor of the people's rights. In at least the Ukrainian and Georgian Republics there have been indications that Stalin's extreme Russification policy has been ostensibly, if not actually, abandoned.

25X1

25X1

25X1

There have been other indications that the difficult living conditions of the masses will be somewhat eased: the price cuts this year were substantially larger than those of other years; the delay in announcing the 1953 budget suggests an easing of the Five-Year Plan goals;

25X1

25X1

These moves in no way add up to a democratization of the USSR or even to a diffusion of the political and economic authority concentrated at the top. What we are now seeing is a greater flexibility in running the Soviet Union than Stalin apparently felt was safe. Stalin's extreme emphasis on coercion, tension and violence may well have been products of both his own personality and the times in which he rose to power. However, the leaders who have only recently come to power already have long backgrounds of administrative and technical experience - in some cases including formal technical education. And they rule a country which in comparison

25X1

to the 1920's is far more industrialized and better educated.

They may well consider that their more liberal approach to internal conditions and problems will provide their reign with greater stability - that a rise in consumer goods will raise morale, make the incentive pay system more effective, and compensate by greater worker productivity for any temporary de-emphasis of present military and heavy industrial production. They may feel that by this approach the primary objectives of Communism can eventually be obtained with less strain, less cost and less risk. Furthermore, the consistency of the present internal program argues that any power struggle in the Kremlin has been submerged, at least temporarily, by agreement among a majority of the top half dozen leaders.

The first three months of the new Soviet regime's foreign policy have been marked by a series of steps taken apparently to relieve sources of East-West conflict. The new ruling group apparently considered it inexpedient to maintain certain tensions, the direct result of Stalin's policy of eliminating all contacts with the outside world.

The moderating efforts of the Malenkov government have been directed primarily toward relieving the minor sources of tensions, in moves which have cost the USSR little. On larger issues, although the new regime has expended great effort to appear more conciliatory, there seems to be little possibility of any important substantive concessions other than a military truce in Korea.

The task of Soviet diplomacy is to remove the suspicions and fears of the non-Communist world regarding Soviet intentions and to foster in the West a sense of security which would undermine rearmament programs and produce economic and political difficulties. We are now well into the first phase of the Soviet program to achieve these goals.

The Communists recognized that they must agree to a truce in Korea before any other outstanding issues could be discussed with the West. In addition, the new Soviet regime saw that the end of hostilities would bring into the open a wide range of Western problems that the war had kept submerged. Moscow will thus have an opportunity to exploit such issues as the demand that Communist

China be admitted into the UN.

It is already evident that the Western coalition has been damaged by the apparent differences among the Western Powers, particularly the UK and France. The new Soviet regime will continue to strike at these differences, seeking to make them more serious by granting more minor concessions which can in no way damage the power position of the USSR or affect what the Kremlin considers vital to Orbit security.

The Kremlin has apparently considered the Balkan area ripe for the application of such tactics. During March and April minor diplomatic gestures of a friendly nature were made toward Greece.

25X1

These Soviet gestures probably reflect the recognition of the new leaders that their objectives in this area can be better served

25X1 by abandoning the past policy of pressure and hostility.

25X1

The new regime has recently made a series of conciliatory moves in Austria and Germany. After refusing on 25 May to attend Austrian Treaty talks, the USSR on 8 June lifted controls on the movement of vehicles and people in Austria. On 10 June an Ambassador to Vienna was appointed, accompanied by a series of other minor concessions.

Soviet liberalization of its policy in Austria also illustrates the more reasonable approach of the new regime, and is intended to offset the Soviet refusal to discuss an Austrian peace treaty.

In Germany, the Politburo and Cabinet of East Germany announced on 9-11 June the reversal of the sovietization process, followed by a series of minor concessions. The Soviet gestures toward Germany will mitigate East German dissatisfaction with the program of rapid socialization, and to some extent resemble the more liberal

attitude expressed by the new Soviet regime within the USSR. They are probably also meant to increase the hopes among Germans for unification. These changes do not yet indicate, however, that the USSR is willing to make major substantive concessions to the West for German unity.

The USSR is making more effective use of trade and trade propaganda in support of its political efforts to undermine Western solidarity. It seeks a limited increase in trade with the West to supplement bloc production of industrial commodities still in limited supply and to make available within the USSR a somewhat larger quantity of consumer goods.

Current Soviet bloc trade approaches are increasingly realistic, calling for trade expansion and specifying bloc exports desired by the West and which are well within bloc capabilities to deliver. They are also more skillfully tailored to the economic bargaining strength of the various Western European countries.

The bloc is thus adamant in demanding delivery of Western strategic goods by Italy and Austria. In negotiations with the

Scandinavian countries, on the other hand, it has recognized its weaker bargaining position and made some concessions on items subject to Western export controls.

Where the purchase of larger quantities of consumer goods from the West is made contingent on the delivery of more strategic industrial items, as in the case of France, the Kremlin has a powerful bargaining lever, since Western producers of textiles and other consumer goods are having extreme difficulty in finding markets.

The new bloc overtures are particularly effective in conjunction with trade propaganda exploiting the fear of Western government and businessmen that the US is raising new tariff walls.

Bloc negotiators are also attempting to create dissension in Western Europe by playing off Western negotiators, one against another.

Soviet trade approaches are leading to some expansion of trade with the West and have already reinforced the insistence of some COCOM members on exceptions to previously agreed strategic controls.

Developments in the satellites reinforce the view that the new Soviet policies are contrived to accomplish specific objectives and are not in themselves indicative of any significant change in Soviet aims. Since the death of Stalin, there have been no major shifts in the leadership of the Satellite Communist parties and their governments. Neither have there been any major changes made in the organizational apparatus of the local Communist parties. Thus, it appears that the new Soviet regime has decided that the operational apparatus through which it controls the people and production of Eastern Europe should be left undisturbed for the time being, regardless of any dissatisfaction with the performance and capabilities of the various Satellite leaders.

While the Soviet regime has made several important moves to make itself more popular with its own people, there has been no significant easing up on the Satellite populace. In fact, life has become more difficult in Eastern Europe because of food shortages, government monetary reforms and continuing pressure on the peasants. There have been political amnesties in Rumania and Hungary, but these were much more limited in scope than the Soviet amnesty. Also, there

[REDACTED]

is good evidence that the Rumanian amnesty was being planned and carried out long before Stalin's death.

The USSR has shipped larger amounts of grain, including seed grain and fodder, to the Satellite area to offset the shortages resulting from last year's crop failures. However, in the cases of Hungary and Rumania, where the food shortages were the most severe, Soviet grain was not used to alleviate internal shortages of food to any important extent, being employed instead in trade deals with the West in exchange for desirable industrial equipment.

Extensive security precautions were put in force in the Orbit in the weeks following Stalin's death, but have since been relaxed. However, there have been no changes in the basic structure and procedures of the various Satellite security organizations which would reflect changes in policy on security matters. In several local situations such as the Czechoslovak monetary reform, Yugoslav-Hungarian border incidents, anti-Communist subversive operations and security police operations against Western diplomatic missions, the Satellite regimes have not hesitated to use high-handed measures without regard for the feelings of their

[REDACTED]

own peoples or the West.

"Vigilance" is still the watchword in the Satellite area against the traditional enemy of Western "imperialism," although this line is not exploited to the extent that it was prior to Stalin's death.

There have been no major changes in the continuing pressure which is exerted on the predominantly peasant population of Eastern Europe. In some areas such as Hungary, the "kulak" has been attacked even more severely recently. In the fields of intra-Orbit trade, the trend of gradually increasing integration has continued during recent months. Internally, the only important changes in the economic field have all had the result of making life even more difficult for the people and in some cases have clearly been intended to make them more subservient to the regime, despite the antagonism which they created.

The strengthening and integration of Orbit military forces in Eastern Europe has continued during recent months. Some of the measures contributing to this trend were obviously initiated

or decided on prior to Stalin's death. Approved For Release 2003/08/25 : CIA-RDP79R00890A000100050006-5

Approved For Release 2003/08/25 : CIA-RDP79R00890A000100050006-5

tinues and Orbit military capabilities consequently improve with no discernible let-up.

In general, the Satellites have been supporting the Soviet Union's pose of friendliness toward the West by amicable gestures toward Western diplomatic officials. The Satellite regimes have not, however, made any substantive concessions of importance.

In conclusion, the new Soviet regime has displayed considerably greater flexibility than its predecessor in developing different methods in the conduct of foreign and internal governmental relations to achieve the USSR's continuing objectives.

With an end to the fighting in Korea, new pressures from our allies will be released: for relaxation in tight trade controls, for four (or five) power negotiations, for "stretch-outs" in rearmament and NATO planning, etc. As long as fighting continued, the US had a strong argument against raising many of these thorny problems, and our allies were willing, if sometimes reluctantly, to defer considering them.

itself
Moscow/probably hopes to be able to postpone serious discussions until pressures and frictions accumulate throughout the non-Communist

Approved For Release 2003/08/25 : CIA-RDP79R00890A000100050006-5

world to the point where Soviet propagandists can present US unwillingness to enter East-West talks as a measure of US bad faith.

The current high volume of propaganda devoted to the bright prospects of expanded East-West trade will reinforce West European interest in political talks. This is an opportune time to capitalize on European frustrations and resentments regarding US trade policies. Pressure is constantly increasing to relax the restrictions on the shipment of strategic goods to the Orbit.

With all this in mind, it would seem that Soviet leaders for some time will not deem it necessary to go further than to repeat assurances of willingness to negotiate, and to reiterate Soviet peaceful intentions. They will delay their reply to US demands for evidences of "sincerity and peaceful intent" in order to test Western reaction to Soviet conciliatory moves. These reactions so far give the Soviet leaders good reason to believe that their new tactics are correct. The London Economist has observed that "what is surprising and alarming is to see how little has to be said from Moscow to obscure the memory of so much that has been done."